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p. 2

# Agricultural Situation

MARCH 1967

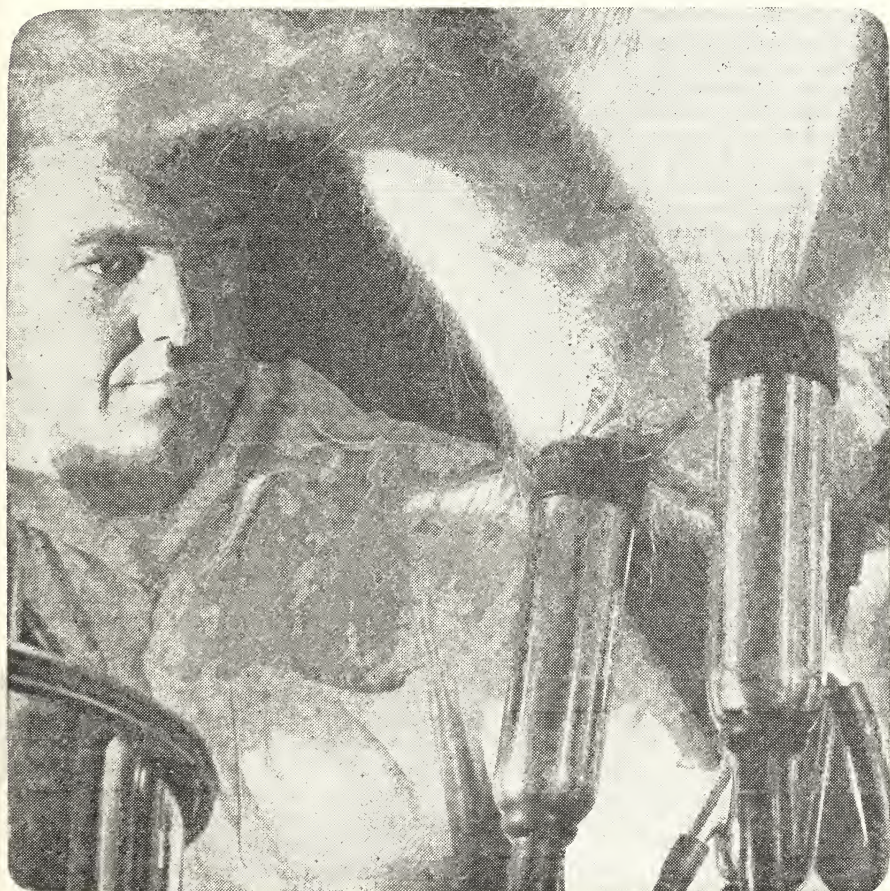
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## BETTER TIMES AHEAD FOR DAIRYMEN?





## BETTER TIMES AHEAD?

The past 2 years have brought with them an intensification of the major trends affecting milk production.

The number of dairy herds has dropped more rapidly than in previous years. And, although output per cow has been increasing at a record rate for the past several months, the number of milk cows on farms in 1966 kept falling at a rate second only to the record 6-percent decline of 1965.

## FEWER DAIRY FARMS

According to the Bureau of Census, the number of farms reporting milk cows fell 37 percent from 1959 to 1964. This is about the same rate of decline as in the previous 5-year period.

For 1965 and 1966, the large number of farm sales and the more profitable farm and nonfarm alternatives to dairying suggest that the number of farms with milk cows declined more than 10 percent per year.

Farms selling milk and cream also dropped about 37 percent in number from 1959 to 1964. And, as with all dairy farms, the percentage decline for 1965 and 1966 was probably sharper than the average of the previous 5 years. In 1964, a total of 1.1 million farms reported milk cows but only 648,000 sold milk or cream. Based on recent figures from Brucellosis ring tests, about half a million farms now are marketing milk or cream.

Census data show that the average number of cows per farm jumped from 9.2 cows in 1959 to 12.9 cows in 1964. And sales of whole milk per farm rose from 127,000 pounds in 1959 to 197,000.

Perhaps a better measure of the change in milk production on farms selling milk and cream is given by Federal milk marketing order data. Av-

The strong market for beef cattle, in relation to dairying, and the continued high level of economic activity suggest that the number of dairy herds will keep declining rapidly this year and that herd owners will cull their cows closely. Therefore, total production increases this year likely will be moderate. If so, the income prospects for dairy producers next year will continue favorable.

average daily deliveries of milk in Federal order markets rose from 601 pounds per producer's herd in 1959 to 943 in 1965, a gain of about 60 percent.

The trend toward fewer and larger production units is part of the dairy industry's adjustment to technological change. Besides, incomes from small dairy herds have been too low to hold farmers having alternative farm or off-farm opportunities. Thus, the trend to fewer and larger dairy herds likely will continue during the next few years.

## FEWER MILK COWS

The second major dairying trend is the persistent decline in number of milk cows which, except for 1953 and 1954, extends back to the 1940's. The number of cows 2 years and older kept for milk was 24.9 million on January 1, 1950; the average decline from then to 1965 was about 450,000 cows per year, or about 2¼ percent.

During 1965, the rate of decline accelerated to a record 6 percent, and during 1966, was about 5 percent. Thus, this January 1, some 15.2 million head were on farms, about two-thirds of the 1950 number.

The number of heifers kept for herd replacement has declined slightly less rapidly. On January 1, the 7.7 million heifers and heifer calves on farms represented an average of 51 per 100 milk cows, compared with an average of 49 per 100 in 1940.

There is no indication that the decline in milk cow numbers is going to stop in the next few years. The blunt truth is that output per cow has been gaining an average of more than 3 percent a year, while total demand for milk has been rising only about 1 percent.

If cow numbers didn't decline enough to offset the gain in output per cow, rising milk production would bring steadily lower prices.

## MORE MILK PER COW

The gain in milk production per cow has been about 3.4 percent a year over the past decade. However, the 1966 gain was only 2.5 percent, reflecting declining output per cow in major Mid-western States in early 1966.

During the last quarter of 1966, milk production per cow was gaining at a rate of about 5 percent.

## HIGHER PRICES

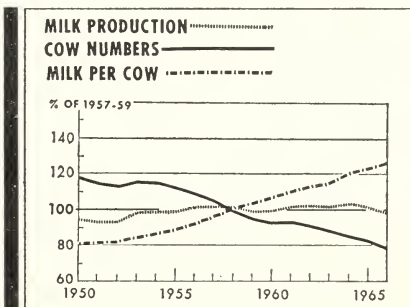
In response to reduced milk supplies and heavy commercial disappearance of dairy products, dairy prices received by farmers moved above support levels in early 1966.

And last June, USDA raised dairy price supports to \$4.00 per 100 pounds of manufacturing grade milk (3.72 percent butterfat) and 68 cents per pound of butterfat in farm-separated cream. Previous support levels were \$3.50 and 61.6 cents, respectively. USDA assures farm prices for milk and butterfat by buying butter, nonfat dry milk, and American cheese at wholesale prices that will bring farmers the average price levels established under the support program.

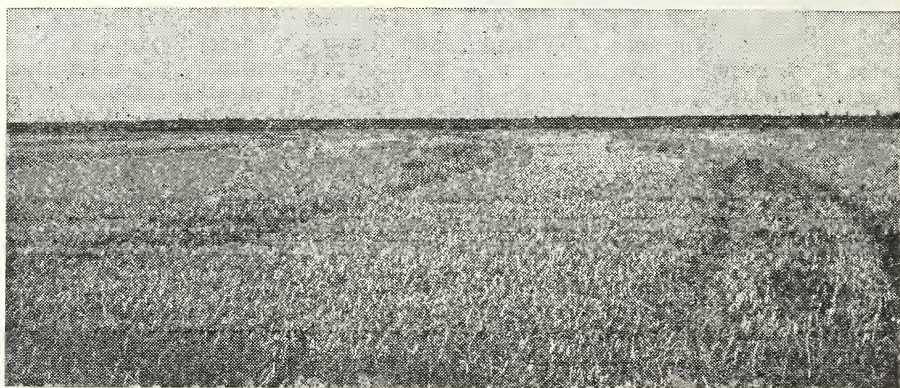
Last fall, USDA announced that the \$4 support level would continue through March 1968. This action insures that prices farmers receive for milk and cream in the first half of 1967 will sharply exceed the levels of a year earlier, when the support levels were much lower. Farmers' prices for milk throughout the year will likely average some 5 percent above 1966 levels.

The relatively favorable milk prices to farmers this year and the near-record milk-feed price ratios favor heavy grain and concentrate feeding during the winter feeding season; also, feed quality generally is good. Thus, output per cow will likely keep gaining over year-earlier rates at least through midyear.

Anthony G. Mathis  
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# THE RICE PICTURE: NEW VARIETIES; HIGHER YIELDS; GAIN IN USAGE; BUT, BOWLS ARE STILL EMPTY ELSEWHERE



## THE CHANGING CROP

Rice production in the United States has been increasing steadily.

A continuing switch to new varieties, increased use of fertilizer, and improved management have raised per-acre yields. They reached 4,324 pounds in 1966, almost twice as much as 30 years ago. With a doubling of acreage the higher yields have boosted total production to a level 4 times greater.

However, increases in production have overshadowed some significant changes in the variety composition of the crop.

In 1936, only about 15 percent of the crop was long-grain rice, with the principal variety, Rexoro, accounting for one-third of long-grain output. Long-grain production has increased, and now accounts for about 45 percent of the total. Meanwhile, Rexoro has now fallen from favor.

The major long-grain varieties today are Bluebonnet and Belle Patna. The latter is relatively new but has caught on fast. Bluebelle, an even more recent addition, is also gaining. By 1966, these top three varieties accounted for nearly all of the long-grain production.

Short-grain rice—mostly the Japan variety—comprised 20 percent of the U.S. crop in 1936 but dropped to only about 11 percent by 1966. It has become virtually nonexistent in the South and has lost ground to medium grains in its major area, California. Today, the short grains are dominated by one variety, Pearl.

Medium grains had made such headway in California by 1966 that they were half of the State's crop, against almost none in 1963. Nationally, however, medium grains had dropped in importance by 1966. Medium-grain varieties had lost ground to long-grain varieties, more than offsetting gains by medium grains at the expense of short grains.

Medium-grain production accounted for two-thirds of the crop 30 years ago, but less than half of the 1966 crop. In recent years, Natio, produced only in the South, has made up half the U.S. medium-grain production. All medium grains grown in California are of the Roses varieties. Saturn is a southern newcomer and gaining acceptance rapidly. Thirty years ago, three-fourths of the U.S. medium-grain crop was Blue Rose.

William R. Askew  
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## THE USAGE SHIFT

U.S. rice is produced in only a few States. But where the greatest portion is produced—Arkansas, Louisiana, Texas, and California—many farmers depend on it for a big chunk of their cash income.

Among grain producers, rice growers hold a unique position—their crop is the only cereal that has been gaining recently in per capita food use. Per capita consumption of wheat and other grains (except for some derived products such as macaroni, wheat breakfast cereals, corn sugar and syrup) has been stable or declining.

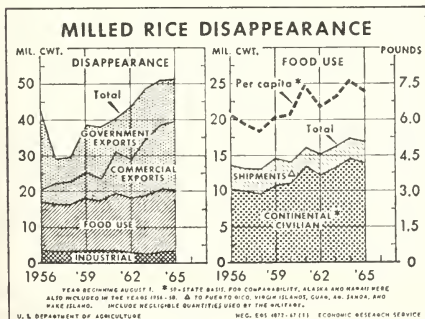
Domestic food use of milled rice totaled close to 17 million hundredweight in the marketing year ended last July 31. It has been trending up for several years. This is almost all fully milled (polished white) rice because most brown rice (with only the hull removed) is exported.

The rice consumption gain can be laid largely to breakfast cereals. Rice used for this purpose nearly topped 2 million hundredweight annually in recent years, up from an average of only about 1.3 million in the 1950's.

Although exact figures aren't available, the introduction of precooked rice (reducing the preparation time to just a few minutes) and use in convenience foods have been the other major consumption boosters.

Rice use in many other processed products has been falling behind. Use in canned soups has gained only modestly. Canned rice output and use in baby food have dropped.

A good many Americans—the needy, school kids, in institutions—eat rice donated through domestic pro-



## Feast or Famine?

The rice situation in the United States is marked by specialization, efficient production and a minor role in the national diet in contrast to the rest of the world.

Rice is the staple food and the major product of labor of more than a third of the world's population. Much of the world's rice is grown by subsistence farmers with extremely small land holdings. Their farming methods are basically those used for centuries, depending almost entirely on human and animal power and the simplest of tools and equipment. Rice output in the principal producing countries has barely kept up with population growth. The only way to increase the availability of rice is to increase per capita production. The alternative is to substitute other grains and grain products for rice.

Since acreage in the rice deficit areas has already been expanded, more rice must come from present acreage. The problem of increasing yields can only be met by the use and adaptation of improved technology—development of irrigation systems and proper drainage, increased use of fertilizers, expanded testing of new and improved varieties, and better cultural practices. Transportation and storage facilities must also be improved to protect the grain until it reaches the cookpots.

grams. This outlet took more than 1.2 million hundredweight in the past marketing year.

Our rice exports have been growing even more rapidly than domestic disappearance. They reached 31.1 million hundredweight of milled rice last year, a 50-percent gain over 1959-60. Larger commercial demand plus inadequate world food supplies, a more effective export payment program, and Food for Peace provided the stimulus.

Rising commercial demand more than doubled dollar sales from 1959-60 to 1965-66. Japan has been the largest single dollar customer for United States rice since 1963-64.

*Economic Research Service*

# RELEASE OF LATEST AG. CENSUS DATA GIVES STATISTICIANS A "CHECK POINT"

During recent months, the Crop Reporting Board has issued several special reports. They are very important to the agricultural estimating work of SRS, economists, and other data users.

These special reports come out every 5 years. They contain revisions of estimates for certain commodities based on a review of data from the latest Census of Agriculture. The latest publications are for 1959-64.

First reports in the series cover field crops, seeds, tree nuts, and December 1 hog inventories and pig crops. Revisions of January 1 livestock inventories and milk and egg production were released in February and others will follow shortly covering fruits, vegetables, and grain stocks.

The Federal Census of Agriculture is taken every 5 years. Its data are used as a base for agricultural estimates in much the same way as a surveyor uses a benchmark to check his work. Figures are reviewed by commodity and by State along with other information, such as current indications, check data based on records of use or movements, and annual State farm censuses and livestock assessments.

The aim is to make the best better—improving past figures so farmers, statisticians, economists, and others have the most accurate historical comparisons possible.

Generally, totals in the SRS series are a little above Census levels to allow for incomplete coverage. However, the differences vary by commodity and are related to such things as the completeness of the check data and geographic location of production.

The year-to-year revisions are small and the estimates jibe well with the Census data, particularly when you consider that the estimates are based on only a small sample of the actual acreage or production.

Also, the estimates have to be based on benchmark data collected up to 5 years previously. Unfortunately, the differences often have a way of growing; they sometimes appear rather large for the latest year of revision.

For example, the December 1 hog inventory for 1965 was adjusted down by

about 3.8 million head. Of this margin, about 2 million (a little over 3 percent of the total count) was due to a revision in the December 1964 estimate, based on the Census. The rest resulted from an underestimate of the decline in hog numbers from 1964 to 1965 at the time the preliminary estimate was prepared in December 1965. The latter change would have been made in line with final data on marketings regardless of the Census revision. From 1959 through 1965, the revisions averaged about 1 percent a year.

Corn, oats, and barley production for 1964 also was revised down 3 to 4 percent. But there was practically no change in production estimates for sorghums, soybeans, flaxseed, wheat, rice, tobacco, sugarbeets, and cotton.

Important as the Census data are in keeping SRS estimates "toeing the mark," statisticians constantly use other sources to check their work. For example, they get information from factories that contract for acreages of certain crops for processing. Tobacco sales and cotton ginnings are checked. Irrigation companies that supply water to growers are valuable sources of acreage data. Railroad and truck firms' shipping records are other sources.

The January 1 livestock inventory is tried up according to livestock tax-assessment figures and slaughter data. Other USDA field offices, particularly those of the Agricultural Stabilization and Conservation Service, aid in making the data on acreages more accurate.

Regular acreage revisions for cotton, tobacco, peanuts, and sugarbeets are scheduled as soon after marketings as possible. Those for tobacco and sugar crops are published in the May and June crop production reports; for peanuts in the April release. Cotton acreage adjustments are put out in the cotton report each May. Necessary revisions for all other crops are published in the December annual crop production summary. Revisions are made the following year for livestock and poultry and their products.

R. K. Smith  
*Statistical Reporting Service*

# HERE'S HOW REVISIONS AFFECTED SOME 1964 FIGURES

Crop	Unit	Production		Revised as percentage of current
		Current	Revised	
Thousands				
Corn for grain.....	Bu.	3, 583, 780	3, 484, 253	97.2
Sorghums for grain.....	"	491, 884	489, 796	99.6
Oats for grain.....	"	880, 095	852, 257	96.8
Barley for grain.....	"	402, 895	386, 059	95.8
Hay—all.....	Tons	116, 100	118, 778	102.3
Alfalfa.....	"	69, 791	71, 304	102.2
Clover-timothy.....	"	18, 724	19, 821	105.9
Wheat:				
Winter.....	Bu.	1, 024, 996	1, 020, 987	99.6
Spring.....	"	265, 654	262, 384	98.8
Rice—rough.....	Cwt.	73, 142	73, 166	100.0
Soybeans for beans.....	Bu.	701, 917	700, 921	99.9
Beans—dry edible.....	Cwt.	17, 789	17, 375	97.7
Peanuts—threshed.....	Lb.	2, 204, 719	2, 099, 144	95.2
Tobacco—all.....	"	2, 227, 932	2, 227, 370	100.0
Burley.....	"	619, 794	619, 794	100.0
Flue-cured.....	"	1, 387, 804	1, 387, 804	100.0
Sugarbeets.....	Tons	23, 389	23, 389	100.0
Cotton.....	Bales	15, 812	15, 182	100.0
Rye.....	Bu.	33, 318	32, 476	97.5
Flaxseed.....	"	24, 406	24, 401	100.0
Alfalfa seed.....	Lb.	140, 897	140, 142	99.5
Red clover seed.....	"	77, 733	80, 755	103.9
Livestock				
Hogs and pigs on farms Dec. 1..	Thou. Hd.	58, 123	56, 106	97.0
Sows farrowing Dec.—May.....	"	6, 638	6, 596	99.0
Pig crop Dec.—May.....	"	47, 977	47, 682	99.0
Sows farrowing June—Nov.....	"	5, 616	5, 525	98.0
Pig crop June—Nov.....	"	40, 519	39, 862	98.0

# INVENTORY PAST CREST SECOND YEAR, Dairy Numbers Show Largest Decline

The national inventory of cattle and calves on farms showed a slight decline for the second straight year this January 1, after peaking at the beginning of 1965.

The 108.5 million head this year compares with 108.9 million last year and the record 109.0 million in 1965.

A 1-percent gain in beef cattle numbers was more than offset by a 5-percent decline in dairy animals. The number of cows and heifers 2 years old and older kept for milk is down to 15.2 million head—the smallest since 1893.

The hog and pig inventory shows 51.0 million head, up 8 percent from January 1, 1966.

All sheep and lambs total 23.7 million head, 4 percent below the revised 1966 figure and the smallest inventory since records began in 1867. Stock sheep and lamb numbers have declined 4 percent in the past year; numbers on feed are down 6 percent.

The number of chickens on farms is 9 percent above last year. The total is 427.6 million. Turkey numbers have gained 6 percent to 7.3 million.

The livestock and poultry in this year's inventory are valued at \$18.9 billion. This is up 7 percent from a year earlier. Cattle, hogs, and sheep account for \$18.3 billion of the current total. A year ago their value was \$17.1 billion. Cattle and calves are put at \$16.2 billion this year, up 12 percent.

Hogs and pigs contribute \$1.7 billion total value this year. The 20-percent drop from last year results from lower prices which have more than offset larger numbers.

The value of sheep, at \$469.6 million, is down 4 percent.

Poultry inventory values are \$511.8 million for chickens and \$36.4 million for turkeys. A year earlier, respective values were \$474.9 million and \$36.3 million.

*Statistical Reporting Service*

## Livestock Output Per Farm Gaining

The livestock inventory may have its ups and downs but the average number of animals per farm or ranch keeps right on rising steadily.

This is the case because the number of farms and ranches producing livestock has been going down while livestock production has generally increased. And the geographic distribution of the livestock population is gradually shifting.

To illustrate, the average number of cattle raised per farm rose from 26 head in 1954 to 47 head in 1964. This was a gain of 78 percent. By regions, the number of cattle per farm or ranch range from 27 head in the South Atlantic Region to 102 head in the West.

There were about 2.3 million farms and ranches reporting cattle in 1964 compared with roughly 3.7 million a decade earlier. The bulk of this decline occurred during 1954-59 when smaller units were being rapidly

consolidated or diverted to other farm or non-farm uses.

The 1954-64 shift in the cattle population resulted in the West North Central, South Central, and Western regions garnering a larger share of the Nation's herd. The largest gain was in the West North Central Region which claimed 32 percent of the cattle on January 1, 1964, up from 29 percent.

The average number of hogs per farm nearly tripled during 1954-64, rising from 19 head to 52 head.

The number of farms reporting hogs in 1964 was less than half the 1954 figure. The number is now about 1.1 million. Meanwhile, the hog population rose from 45.1 million head to around 56.7 million head. Roughly 95 percent of the gain was in the East and West North Central regions.

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Based on Information Available March 2, 1967

### WHEAT PRICES KEYED TO EXPORTS

Wheat prices during the July–December 1966 period were the highest in several years. For the entire year they are likely to average 35 to 40 cents over the price support loan rate. Prices in the second half of the year declined generally until the announcement in February of increased wheat shipments to India, which strengthened prices. The level of prices the rest of the year will depend on the amount and timing of exports, as well as the development of the 1967 crop. With prospects for a further reduction in carryover, the condition of the new crop assumes added significance. Coupled with possibly stronger feed grain prices, wheat feeding may be further stimulated. It totaled 40 million bushels in the first half of the marketing year. During the first half of the previous year, wheat feeding totaled 86 million bushels and reached 144 million for the entire year. Based on the current estimate of total disappearance for the entire year, the carryover on June 30, 1967, is now placed at around 400 million bushels.

### FEED GRAIN USE GAINING

Feed grain disappearance during October–December reached a record 49 million tons, 8 percent above that quarter of 1965. Domestic consumption was 13 percent larger, more than offsetting a 17-percent reduction in exports. Prices received by farmers for feed grains have been comparatively stable since last fall. The October–January average, however, was 15 percent above a year earlier and the highest for that period since 1954/55.

With more livestock and poultry to be fed this year, domestic consumption of feed grains probably will exceed last year's record of 141 million tons. However, exports are expected to fall 10 to 15 percent below the 29 million

tons shipped in 1965/66. Based on these prospects, total disappearance for the current marketing year would be around 175 million tons—a little above the record last year.

With the smaller supply of feed grains (now estimated at 200 million tons), the projected utilization would leave a carryover into 1967/68 of around 25 million tons, compared with 42 million at the end of 1965/66.

The prospect of a smaller carryover will make feed grain prices from now to harvest much more sensitive to changes in disappearance and 1967 crop prospects than in most of the past 10 years when large stocks were carried over.

## **EGG PRICES TO LEVEL OUT**

Expanding egg supplies have led to sharp price declines. Prices to U.S. producers averaged 37.4 cents per dozen in mid-January—about the same as a year ago, but 3½ cents below the previous month. January production was a tenth larger than the seasonal low in August, and 7 percent above year-earlier output. Mid-February quotations in most markets were 10 to 15 cents per dozen below last year's relatively high prices.

Over the next several months, egg production is expected to run 4 to 6 percent above a year earlier. Most of the expansion is coming from the unusually large buildup in laying flocks. The rate of lay also has resumed its upward trend from the low year-age levels. Egg prices are expected to hold near mid-February levels until the usual summer decline in production.

## **BORROWING MONEY IN TODAY'S MARKET Likely To Mean Close Scrutiny of You**

"Neither a borrower nor a lender be" isn't valid in today's economic world. Farm loans are here to stay.

Unfortunately there is no simple formula a lender can use to gage the odds in favor of timely repayment—the best measure of a good loan.

There are, however, some guidelines to help a lender decide, before he approves a loan, whether a prospective borrower has the ability, honesty, and resources to repay his debt.

These "borrower characteristics" emerged from a survey of non-real-estate loans to dairy farmers in two Michigan counties by a Production Credit Association (PCA) and the Farmers Home Administration (FHA).

At the time of their first loan PCA borrowers generally had larger farms than FHA borrowers. The FHA group had relatively small equities; some of them were young farmers just starting out. Half of each sample group had repaid as scheduled, the other half had trouble doing so.

For both PCA and FHA borrowers certain factors appeared to be definitely related to timely repayment:

PCA borrowers who repaid promptly had more farming experience, fewer creditors, and were more likely to own their own farms than those who had difficulty in repaying.

FHA borrowers making timely repayment had smaller families, higher living standards, and lower ratios of planned debt payment to estimated net cash income than FHA borrowers who hadn't repaid as planned.

Both FHA and PCA borrowers were more likely to repay promptly if their short-term debts were a small part of their total debts.

Collateral wasn't found to be useful in predicting repayment. Although frequently used as a prime criterion for approving loans, its main value is in serving as insurance in case of default. A lender sure of repayment would probably be less concerned about collateral.

# YOUNG OR OLD, RETIREMENT WILL BE SIMPLER IF YOU LAY PLANS IN ADVANCE

Twenty-two or 62, any worker covered by social security should know something about figuring his benefits. Unless he can estimate how much monthly income his widow and dependent children would get if he died, he can't really gage whether his present life insurance and other income are adequate. Nor can he plan his own retirement unless he knows what his social security retirement income will be.

Here are a few pointers on how to figure the extent of social security coverage and the amount of benefits. If you have any questions about your social security benefits, get in touch with your nearest social security district office.

**Extent of coverage:** For a worker and his family to get social security monthly cash payments if he retires or dies, he must first have credit for a certain amount of work under social security (earned anytime after 1936). The time a person must have spent in covered work to be insured for benefits is measured in *quarters of coverage*.

Anyone can find out how many quarters of coverage he has earned by sending a card to the Social Security Administration requesting this information. He should include his account number, date of birth, signature, and printed name and address.

Most types of monthly benefits are payable to a worker, his dependents or survivors if he has been employed under social security long enough to be *fully insured*. (Table 1 shows how many quarters you will need for full coverage.) No one needs more than 40 quarters of coverage to be fully insured. But remember, having a fully insured status means only that certain kinds of benefits may be payable—it doesn't determine the amount.

If a worker isn't fully insured at the time of his death, benefits can still be paid his widow and children if he was *currently insured*. This means he must have earned at least six quarters of coverage within the 3 years before his death.

**Amount of benefits:** The amount of the retirement benefit or the amount

of benefits that can be paid to dependents or survivors is based on the worker's average monthly earnings under social security.

This is the way to figure the average monthly earnings for most people:

(1) Count the years after 1955 (or after age 26, if later) up to but not in-

**TABLE 1: ARE YOU FULLY INSURED?** An individual is fully insured under social security if he has credit for one quarter of coverage for each year after 1950 and up to the year he dies or reaches retirement age (65 for men, 62 for women). In counting the years after 1950, the years before a person was age 22 are omitted. Any worker is fully insured if he has earned at least as many quarters of coverage as shown on the table below. No one needs more than 40 quarters of coverage to be fully insured.

Year the worker reaches age 65 (62 for women) or dies	Quarters of coverage needed
1957 or earlier	6
1967	16
1968	17
1969	18
1970	19
1971	20
1975	24
1979	28
1983	32
1987	36
1991 or later	40

cluding the year of death or retirement age. Use a minimum of 2 years for death cases, a minimum of 5 years for retirement cases—no matter how many years were actually involved.

(2) Select the same number of years after 1950 in which earnings were highest. In other words, there are 5 extra years to choose from—an individual can skip the 5 years when income was lowest. The years chosen

needn't be consecutive. (Don't count more than \$3,600 a year for 1951-54; \$4,200 a year for 1955-58; \$4,800 a year for 1959-65; and \$6,600 for 1966 and later years.)

(3) Add the total earnings in the years selected and divide by the number of months in the years used. The result is the average monthly earnings.

Table 2 shows the amount of the worker's monthly benefit at age 65 and

**TABLE 2: HOW MUCH WILL YOU BENEFIT?** The amount of the retirement benefit or the amount of the benefits that can be paid to dependents or survivors is based on the worker's average earnings under social security. Below is a table showing old-age and survivors benefits for a few selected situations.

Status of beneficiary	Average monthly earnings of—					
	\$67	\$150	\$249	\$351	\$450	\$550
	Benefits					
Worker at age 65	\$44.00	\$78.20	\$100.60	\$124.20	\$146.00	\$168.00
Worker at age 62	35.20	62.60	80.50	99.40	116.80	134.40
Wife at age 65	22.00	39.10	50.30	62.10	73.00	84.00
Wife at age 62	16.50	24.40	37.80	46.60	54.80	63.00
One surviving child	44.00	58.70	75.50	93.20	109.50	126.00
Widow at age 62	44.00	64.40	83.00	102.50	120.50	138.60
Widow at age 60	38.10	56.00	71.90	88.80	104.40	120.10
Widow under 62 and one dependent child	66.00	117.40	151.00	186.40	219.00	252.00
Family maximum	66.00	120.00	199.20	280.80	328.00	368.00

NOTE: The benefits payable under social security may change as new legislation is passed. The payments shown in this table were in effect on June 1, 1966.

certain survivors' benefits by average monthly earnings. But remember this point: If a worker and his wife start getting benefits before age 65, or if a widow starts getting benefits before 62, the amount of the monthly benefits will be permanently reduced. The amount of the reduction depends on the number of months the person gets benefits before reaching 65 (62 for widows).

Here are two sample problems to illustrate, step by step, the way to estimate the amount of survivors and retirement benefits under social security:

**Problem 1:** A widow is 35 at the time of her husband's death in 1967; her only child is 13. Her husband had 40 quarters of coverage under social security and so was fully insured. What monthly benefits will the family receive? How long will they receive these benefits?

**Solution:** First figure the husband's average monthly earnings. There are 11 years after 1955 and up to 1967, the year the husband died. His total earnings for the 11 highest years after 1950 were \$46,332. Dividing the total earnings of \$46,332 by 132 (the number of months in 11 years) gives an overall average of \$351 a month.

For average monthly earnings of \$351 the family benefit for a widow under 62 with one child under 18 is \$186.40 (from table 2). The family will receive this payment for 5 years or until the child is 18. Then payments to the widow will stop. The child can continue to get benefits of \$93.90 per month until he is 22 if he is a full-time student. If the widow doesn't remarry, she can get payments of \$102.50 beginning at age 62, or \$88.80 at age 60.

**Problem 2:** A farmer retires at 65, at which time his wife is age 60. His covered earnings under social security averaged \$249 per month. What will be their combined social security income? When does it start?

**Solution:** Nothing is payable for the

wife until she reaches 62. The payment for the husband is the monthly benefit at age 65 applicable to average monthly wages of \$249. This figure (from table 2) is \$100.60 per month. If his wife applies for benefits at age 62, their check will be \$138.40. The payment to him doesn't change; he continues to receive \$100.60 since his checks started at age 65. But the payment to his wife amounts to \$37.80 (\$50.30 reduced by 36 months). If she waits until 65 to apply, she will get the full \$50.30 and their monthly check will be \$150.90.

## Costs, Attitudes Change, Altering Loan Practices

Banks and other institutions that lend money to farmers are regearing their loan departments to meet the needs of today's more expensive farm operation.

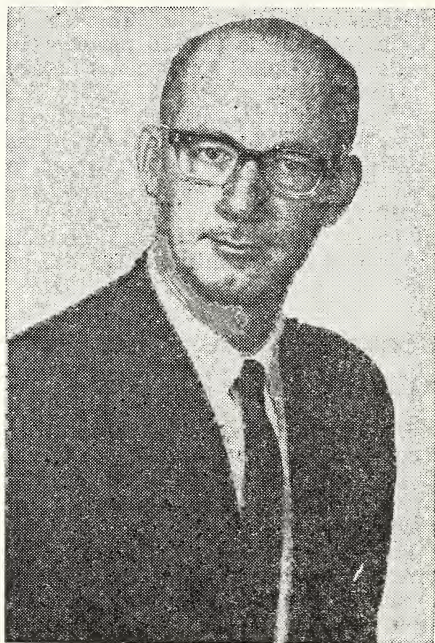
Farmers need more cash than ever before. For one thing, costs of farm inputs have climbed 20 percent since 1950. And many farmers have changed their attitudes about debt—they're now more willing to go in debt to increase their chances for success.

Since much of input expense is for machines and equipment—items which cannot pay for themselves over a short period of time—intermediate credit repayable over a period of several years is required.

Many lenders are adapting their practices to this new need for farm credit. In so doing, they may influence management of the farm by offering to supply funds for some purposes but not for others.

Large loans are more readily obtainable when used for items like feeder cattle or machinery, both of which are chattels. Smaller loans are likely for an input like fertilizer which has only the promise of future income and no chattel value.

# MEET THE STATE STATISTICIAN . . .



## CHARLES HINES

How can a man behind a desk do a little reliving of those good youthful days back on the farm?

According to Charles A. Hines, chief SRS statistician in Michigan, some backyard "garden" farming might fill the bill—if you can cheerfully work with a handspade without wistfully recalling too vividly the old labor-saving devices around the farm . . . In Charley's case, a good mule and walking plow.

Charley says the other obvious changes since his mule-plowing days on the family farm in Kentucky are a loss of hair and a gain in weight, alas.

Charley was born in 1921 near Science Hill, Ky. His education began in a rural three-room school. He went on to a consolidated county high school at Eubank. While there, he garnered 4 years of vocational agriculture and worked in FFA and 4-H activities.

From 1939 to 1941, Charley attended Lindsey Wilson Junior College, Columbia, Ky. He also got a taste of working for the Federal Government by measuring tobacco acreage for compliance with price-support allotments.

Before he could finish college,

Charley had to raise some more cash, so he went to work for Procter & Gamble. But the draft board soon beckoned.

Shortly after, so did Officer Candidate School and a college classmate, Irene Britton. In order, he graduated from the former and married the latter.

Charles, Junior, arrived a year later, about the time his father was detailed to the infantry, and then overseas to serve in one of World War II's most decorated outfits—the 442d Combat Team.

Wounded a second time only a few days before V-E Day, Charley then spent several months in stateside hospitals, got out, and resumed his education at the University of Kentucky. Son Danny was born in 1946.

After obtaining a masters degree in agricultural economics in late 1948, Charley worked in the Kentucky agricultural statistician's office for 4 years.

Then came stints in the West Virginia office, Washington, D.C., and in Wisconsin before he headed for Michigan in 1963.

Charley proudly reminds people that, although Michigan is synonymous with automobile manufacturing, it is also one of the Nation's most important food producers.

Michigan abounds in dairy products, grain, sugarbeets, and pulpwood. It's the leader in U.S. dry bean output. Also, it is an important provider of fruit—grapes, apples, peaches, pears, plums, red tart cherries, sweet cherries, blueberries—plus many kinds of vegetables.

## ARE PROBLEMS YOU CAN'T PUT OFF FOREVER

## In This Issue

That old shed behind your barn has been a headache ever since you moved on the place. It's not much good as is, and fixing it up would cost plenty in time and materials.

Perplexed over it? You're not alone. Many farmers have similar outdated structures to contend with. Built when farming was generally unspecialized, they no longer meet today's needs. Yet, costs of putting up new farm service buildings have skyrocketed. And they are more specialized than ever before—making it hard to use them for other purposes.

The costs of new farm-building construction and repairs run well over \$1 billion a year. But their value hasn't kept pace with total farm real estate especially since 1950. The decline in the ratio is due both to farm enlargement (related to the specialization gain) and the sharp climb in land values.

Farm buildings are currently estimated to be worth about a tenth of the \$159.4 billion in farm real estate. This is nearly equal to livestock value and about two-thirds that for machinery.

Moreover, the value of farm buildings per farm has increased two and a half times since 1950.

As usual, delving into the details behind the averages reveals a lot of regional differences in building values. They are highest (\$8,530 per farm) in the largely dairy-minded Northeast. Here, typical buildings account for about 22 percent of the farm's value. Buildings per farm are worth the least in the Delta States (\$2,951). However, as a *percentage* of real estate values, they are least in the Southern Plains (4.5 percent), where small grain production and ranching are important.

Comparing building values with gross annual sales is revealing, too. Values for farms selling \$10,000 or more in 1959 averaged \$8,386 per farm. Those with annual sales less than \$10,000 had buildings valued at \$3,605.

*Economic Research Service*

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